
TeeJet Technologies Denmark ApS

Mølhavevej 2, DK-9440 Aabybro

Annual Report for 2022

CVR No. 25 49 91 82

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 6/7 2023

Anne Mette Skovbjerg
Chairman of the
general meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company information	5
Financial Highlights	6
Management's Review	7
Financial Statements	
Income Statement 1 January - 31 December	10
Balance sheet 31 December	11
Statement of changes in equity	13
Cash Flow Statement 1 January - 31 December	14
Notes to the Financial Statements	15

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Consolidated Financial Statements and Parent Company Financial Statements of TeeJet Technologies Denmark ApS for the financial year 1 January - 31 December 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Consolidated Financial Statements and Parent Company Financial Statements be adopted at the Annual General Meeting.

Aabybro, 6 July 2023

Executive Board

Mark Grypdon
CEO

Anne Mette Skovbjerg
CEO

Board of Directors

Thomas Schernhuber
Chairman

Thomas Albert Cioni

Mark Grypdon

Independent Auditor's report

To the shareholder of TeeJet Technologies Denmark ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of TeeJet Technologies Denmark ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 1 in the Financial Statements, which states that investigations are currently underway from the Danish Business Authority in relation to registration of the Company's beneficial owners. It is the Company's management's opinion that an exemption will be received for registration of beneficial owners. If this waiver request is not obtained, there may be risks of forced dissolution of the company. As a result, there is material uncertainty that could raise significant doubt about the Company's ability to continue its operations.

Our conclusion has not been modified in respect of this matter

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's report

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aalborg, 6 July 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Line Borregaard
State Authorised Public Accountant
mne34353

Company information

The Company	<p>TeeJet Technologies Denmark ApS Mølhavevej 2 DK-9440 Aabybro</p> <p>Telephone: +45 9696 2500 Email: info.aabybro@teejet.com Website: www.teejet.dk</p> <p>CVR No: 25 49 91 82 Financial period: 1 January - 31 December Incorporated: 10 July 2000 Financial year: 23th financial year Municipality of reg. office: Jammerbugt</p>
Board of Directors	<p>Thomas Schernhuber, chairman Thomas Albert Cioni Mark Grypdon</p>
Executive Board	<p>Mark Grypdon Anne Mette Skovbjerg</p>
Auditors	<p>PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skelagervej 1A 9000 Aalborg</p>

Financial Highlights

Seen over a 5-year period, the development of the Group is described by the following financial highlights:

	Group				
	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	34,005	28,744	18,036	13,723	18,836
Profit/loss of ordinary primary operations	3,198	-1,319	-15,112	-25,627	-16,823
Profit/loss of financial income and expenses	-2,438	-847	-135	-47	-309
Net profit/loss	-2,188	-2,655	-15,712	-23,053	-17,851
Balance sheet					
Balance sheet total	110,339	62,835	101,200	91,375	72,971
Investment in property, plant and equipment	572	2,864	2,864	1,399	1,164
Equity	8,665	-13,028	-10,352	6,450	-5,123
Cash flows					
Cash flows from:					
- operating activities	-36,409	-13,446	1,556	-25,098	-16,913
- investing activities	-572	-430	-2,864	-1,399	-1,164
- financing activities	38,676	13,685	-1,509	28,742	17,993
Change in cash and cash equivalents for the year	1,695	-192	-2,818	2,246	-84
Number of employees	58	53	62	72	73
Ratios					
Return on assets	0.4%	-2.1%	-14.9%	-24.6%	-23.1%
Solvency ratio	7.9%	-20.7%	-10.2%	7.1%	-7.0%
Return on equity	100.3%	22.7%	805.3%	-3474.5%	-432.0%

Management's review

Key activities

TeeJet Technologies Denmark ApS is based in Aabybro, Denmark and the main business activity in the Group is development, production and marketing of electronic components and systems for mobile equipment within the agricultural sector and acts as a non-exclusive distributor of the parent Company, Spraying Systems Co. products in Europe. TeeJet Technologies Denmark ApS manages the Group's sales subsidiaries in Germany, Belgium, France, UK, Poland and South Africa.

While TeeJet EMEA – the Belgian subsidiary – operates as the central sales entity organizing:

- Intercompany purchases
- Customer Sales
- Sales Expenses

The other subsidiaries act as non-exclusive sales agents for Group products in their respective markets.

Development in the year

The income statement of the Group for 2022 shows a loss of DKK 2,188,066, and at 31 December 2022 the balance sheet of the Group shows positive equity of DKK 8,664,710.

The income statement of TeeJet Technologies Denmark ApS for 2022 shows a loss of DKK 2,186,848 , and at 31 December 2022, the balance sheet of TeeJet Technologies Denmark ApS shows equity of DKK 8,686,869.

The past year and follow-up on development expectations from last year

Unfortunately, the result for 2022 was not as expected mainly due to downturn in the agricultural sector in Europe, Middle East and Africa in general.

Due to the restructuring of the sales organization, whereby TeeJet EMEA is the central entity for Sales to customers and related sales expenses of the agents, there is a significant drop in Sales revenue as well as expenses for the Danish parent company.

Capital resources

The financial statements have been prepared for continued operation, as the parent company, Spraying Systems Co., has provided the necessary credit facilities. The parent company has issued a letter of support in favor of the company covering the period up to May 31, 2024.

Operating risks

Since the TeeJet DK sales are mainly organized through TeeJet EMEA, the risks related to debtors are mainly shifted to TeeJet EMEA. The main remaining operating risks are:

- Inventories: due to current supply chain challenges TeeJet DK has increased the inventory of electronic components significantly
- Russia & Ukraine: because of the current war between Russia & Ukraine, this traditionally very important region is under pressure.

Market risks

Agriculture Electronics & Controls is a rapidly changing market based on new & existing technologies. Research & Development and investments in new technologies and products is essential to stay ahead of the competition.

Management's review

Foreign exchange risks

Currency risks mainly relate to the group's operating activity, where income and costs are in other currencies than DKK and is included as receivables for sales and trade payables. In addition, the group is exposed to currency risks on intra-group balances. The group is exposed to ZAR, GBP, USD, and EUR and this means that results, cash flows and equity are affected by changes in exchange rates.

Strategy and objectives

Strategy

The strategy adopted by TeeJet Technologies Denmark ApS in relation to the precision farming market is to primarily target OEMs and simultaneously generate end-user demand. The product characteristics, which TeeJet Technologies Denmark ApS's research has shown to be most valued by its customers, are quality/reliability, simplicity, technical support and responsiveness, customer service, price, lead-time, personal credibility, account presence and native language skills of the salespeople.

Nowadays, the subject of sustainability also plays an increasingly important role in the agricultural machinery industry, as it is the case in almost all sectors. The term "sustainability" itself originates from the forestry sector and is thus closely associated with the agricultural machinery industry. When sustainability is demanded from agriculture, the focus is therefore on both the environment and society. Thus, the challenge is to intensify agricultural production on the existing or shrinking areas and, at the same time, cause as little environmental degradation as possible. Intelligent production methods, which have been developed in recent years and grouped under the umbrella term "precision farming", are a revolutionary step in this direction.

The Group and the Parent Company will continue to develop, manufacture and market electronic components and systems for mobile equipment and systems within the agricultural sector

Targets and expectations for the year ahead

Due to investments in both human resources in R&D and the DynaJet production line the expectations of the financials for 2023 is to reach a target of -1 Mio. DKK to 1 Mio. DKK (break-even point) for the Parent entity. However, it is not expected to have an influence on going concern and the fact that TeeJet Technologies Denmark ApS continues its operation as until now.

Basis of earnings

Research and development

The company's business foundation includes delivering high-tech, customized, and reliable products. This part makes high demands on the science resources regarding employees and business processes.

In order to deliver these products, it is crucial that the company can recruit and retain workers with a high level of education in consulting and engineering solutions. As a measure for this, employee composition and employee turnover are important indicators. The proportion of employees with a high level of education is 33%. Employee turnover among employees with a high level of education is 0% this year.

External environment

TeeJet is associated with regular waste collectors to ensure good sorting of plastic, electronic scrap, paper/cardboard, etc.

In 2022, district heating system was installed, which is expected to put into use in 2023.

TeeJet is not particularly energy-intensive and have a minimal influence on our energy consumption.

In the area of environment and safety, we keep us up to date through a consultancy firm, which informs about changes in legalisation.

Management's review

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2022	2021	2022	2021
		DKK	DKK	DKK	DKK
Gross profit		34,005,075	28,744,150	23,679,002	16,126,020
Staff expenses	2	-29,166,909	-28,366,139	-21,388,259	-19,408,619
Depreciation and impairment losses of property, plant and equipment	3	-1,639,983	-1,696,604	-1,539,041	-1,618,136
Other operating expenses		-2,771,839	0	-2,771,839	0
Profit/loss before financial income and expenses		426,344	-1,318,593	-2,020,137	-4,900,735
Income from investments in subsidiaries		0	0	881,455	3,492,203
Financial income	4	691,339	715,078	282,028	200,638
Financial expenses	5	-3,128,937	-1,562,305	-1,330,194	-1,457,458
Profit/loss before tax		-2,011,254	-2,165,820	-2,186,848	-2,665,352
Tax on profit/loss for the year	6	-176,812	-488,805	0	0
Net profit/loss for the year	7	-2,188,066	-2,654,625	-2,186,848	-2,665,352

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2022	2021	2022	2021
		DKK	DKK	DKK	DKK
Land and buildings		1,805,557	2,452,248	1,805,557	2,452,248
Plant and machinery		2,619,339	2,950,769	2,619,339	2,950,769
Other fixtures and fittings, tools and equipment		506,164	574,837	303,742	292,296
Property, plant and equipment	8	4,931,060	5,977,854	4,728,638	5,695,313
Investments in subsidiaries	9	0	0	11,964,433	10,967,586
Other investments	10	0	25,980	0	25,980
Other receivables	10	12,520	12,149	12,520	12,149
Fixed asset investments		12,520	38,129	11,976,953	11,005,715
Fixed assets		4,943,580	6,015,983	16,705,591	16,701,028
Raw materials and consumables		12,363,286	12,711,229	12,363,286	12,711,229
Finished goods and goods for resale		16,916,079	2,700,005	14,116,369	2,598,891
Inventories		29,279,365	15,411,234	26,479,655	15,310,120
Trade receivables		41,873,655	19,012,800	11,253,139	6,964,535
Receivables from group enterprises		23,875,913	12,726,056	29,341,298	13,360,407
Other receivables		5,361,491	6,167,061	4,728,212	4,620,011
Deferred tax asset	11	162,726	171,485	0	0
Prepayments	12	1,876,925	2,068,042	1,790,114	1,561,809
Receivables		73,150,710	40,145,444	47,112,763	26,506,762
Cash at bank and in hand		2,965,437	1,262,358	3,465	10,497
Current assets		105,395,512	56,819,036	73,595,883	41,827,379
Assets		110,339,092	62,835,019	90,301,474	58,528,407

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2022	2021	2022	2021
		DKK	DKK	DKK	DKK
Share capital		2,000,000	2,000,000	2,000,000	2,000,000
Reserve for net revaluation under the equity method		0	0	7,210,851	6,476,617
Reserve for exchange rate conversion		-1,235,648	0	0	0
Other reserves		0	-1,088,427	0	0
Retained earnings		7,922,517	-13,908,439	-523,982	-21,473,483
Equity attributable to shareholders of the Parent Company		8,686,869	-12,996,866	8,686,869	-12,996,866
Minority interests		-22,159	-30,961	0	0
Equity		8,664,710	-13,027,827	8,686,869	-12,996,866
Provisions relating to investments in group enterprises		0	0	4,446,506	4,183,893
Other provisions	13	400,000	400,000	400,000	400,000
Provisions		400,000	400,000	4,846,506	4,583,893
Credit institutions		7,825	0	7,825	0
Trade payables		4,747,238	1,863,607	3,790,286	620,125
Payables to group enterprises		89,304,764	63,479,824	68,370,183	59,093,327
Corporation tax		96,652	177,659	0	0
Other payables		7,117,903	9,941,756	4,599,805	7,227,928
Short-term debt		101,274,382	75,462,846	76,768,099	66,941,380
Debt		101,274,382	75,462,846	76,768,099	66,941,380
Liabilities and equity		110,339,092	62,835,019	90,301,474	58,528,407
Going concern	1				
Contingent assets, liabilities and other financial obligations	16				
Related parties	17				
Accounting Policies	18				

Statement of changes in equity

Group

	Share capital	Reserve for exchange rate conversion	Retained earnings	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	2,000,000	-1,088,427	-13,908,439	-12,996,866	-30,961	-13,027,827
Exchange adjustments	0	-147,221	0	-147,221	0	-147,221
Contribution from group	0	0	24,000,000	24,000,000	0	24,000,000
Other equity movements	0	0	17,804	17,804	10,020	27,824
Net profit/loss for the year	0	0	-2,186,848	-2,186,848	-1,218	-2,188,066
Equity at 31 December	2,000,000	-1,235,648	7,922,517	8,686,869	-22,159	8,664,710

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	2,000,000	6,476,617	-21,473,483	-12,996,866	0	-12,996,866
Exchange adjustments	0	-147,221	0	-147,221	0	-147,221
Contribution from group	0	0	24,000,000	24,000,000	0	24,000,000
Other equity movements	0	0	17,804	17,804	0	17,804
Net profit/loss for the year	0	881,455	-3,068,303	-2,186,848	0	-2,186,848
Equity at 31 December	2,000,000	7,210,851	-523,982	8,686,869	0	8,686,869

Cash flow statement 1 January - 31 December

	Note	Group	
		2022 DKK	2021 DKK
Result of the year		-2,188,066	-2,654,625
Adjustments	14	4,112,955	3,015,338
Change in working capital	15	-35,646,912	-12,385,460
Cash flow from operations before financial items		-33,722,023	-12,024,747
Financial income		691,339	707,008
Financial expenses		-3,128,937	-1,562,305
Cash flows from ordinary activities		-36,159,621	-12,880,044
Corporation tax paid		-249,060	-566,243
Cash flows from operating activities		-36,408,681	-13,446,287
Purchase of property, plant and equipment		-572,366	-430,211
Cash flows from investing activities		-572,366	-430,211
Raising of payables to group enterprises		14,675,083	13,695,582
Cash capital increase		24,000,000	0
Minoritetsinteressent		1,218	-10,727
Cash flows from financing activities		38,676,301	13,684,855
Change in cash and cash equivalents		1,695,254	-191,643
Cash and cash equivalents at 1 January		1,262,358	1,454,001
Cash and cash equivalents at 31 December		2,957,612	1,262,358
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		2,965,437	1,262,358
Overdraft facility		-7,825	0
Cash and cash equivalents at 31 December		2,957,612	1,262,358

Notes to the Financial Statements

1. Going concern

During the financial year 2019, the Danish Business Authority initiated an investigation into the Company's registration of its beneficial owners. Management has submitted an application where they apply for an exemption from registration of beneficial owners. If this waiver request is not obtained, there may be risks of forced dissolution of the company. As a result, there is significant uncertainty that could raise considerable doubt about the Company's ability to continue its operations.

Management has not yet received an answer to their application, but expects to receive the exemption as the company currently does not comply with the requirements to disclose beneficial owners. Therefore, Management has prepared the financial statements on a going concern basis.

The Company has a significant payable to group enterprises of tDKK 68,370 and the continued operations of the Company is dependent on continued financial support from the group enterprises.

The Company's parent company has decided to financially support the Company in the form of a letter of financial support. The letter of financial support issued by the parent company covers the period to May 31, 2024. It is Management's opinion that it has ensured the necessary liquidity resources for continued operations.

	Group		Parent company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
2. Staff Expenses				
Wages and salaries	26,812,833	25,109,020	19,034,183	16,151,500
Pensions	1,444,245	1,469,934	1,444,245	1,469,934
Other social security expenses	126,270	128,668	126,270	128,668
Other staff expenses	783,561	1,658,517	783,561	1,658,517
	29,166,909	28,366,139	21,388,259	19,408,619
Including remuneration to the Executive Board	714,218	650,317	714,218	650,317
Average number of employees	58	53	42	38

Notes to the Financial Statements

	Group		Parent company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
3. Depreciation and impairment losses of property, plant and equipment				
Depreciation of property, plant and equipment	1,639,983	1,696,604	1,539,041	1,618,136
	1,639,983	1,696,604	1,539,041	1,618,136

	Group		Parent company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
4. Financial income				
Income from securities, which are fixed assets	0	8,070	0	8,070
Interest received from group enterprises	0	0	282,028	192,568
Other financial income	691,339	707,008	0	0
	691,339	715,078	282,028	200,638

	Group		Parent company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
5. Financial expenses				
Interest paid to group enterprises	0	0	1,053,501	678,727
Other financial expenses	2,928,098	1,445,593	75,854	662,019
Exchange adjustments, expenses	200,839	116,712	200,839	116,712
	3,128,937	1,562,305	1,330,194	1,457,458

Notes to the Financial Statements

Group		Parent company	
2022	2021	2022	2021
DKK	DKK	DKK	DKK

6. Income tax expense

Current tax for the year	168,053	589,883	0	0
Deferred tax for the year	8,759	-101,078	0	0
	176,812	488,805	0	0

Group		Parent company	
2022	2021	2022	2021
DKK	DKK	DKK	DKK

7. Profit allocation

Reserve for net revaluation under the equity method	0	0	881,455	3,518,737
Minority interests' share of net profit/loss of subsidiaries	-1,218	-10,727	0	0
Retained earnings	-2,186,848	-2,643,898	-3,068,303	-6,184,089
	-2,188,066	-2,654,625	-2,186,848	-2,665,352

Notes to the Financial Statements

8. Property, plant and equipment

Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
	DKK	DKK	DKK
Cost at 1 January	14,469,992	8,455,342	3,463,247
Additions for the year	39,000	353,508	179,858
Disposals for the year	0	0	-140,251
Cost at 31 December	<u>14,508,992</u>	<u>8,808,850</u>	<u>3,502,854</u>
Impairment losses and depreciation at 1 January	12,017,744	5,504,573	2,888,410
Exchange adjustment	0	0	-20,823
Depreciation for the year	685,691	684,938	269,354
Impairment and depreciation of sold assets for the year	0	0	-140,251
Impairment losses and depreciation at 31 December	<u>12,703,435</u>	<u>6,189,511</u>	<u>2,996,690</u>
Carrying amount at 31 December	<u>1,805,557</u>	<u>2,619,339</u>	<u>506,164</u>
Amortised over	<u>20 years</u>	<u>3-5 years</u>	<u>3-7 years</u>

Notes to the Financial Statements

Parent company

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
	DKK	DKK	DKK
Cost at 1 January	14,469,992	8,455,342	2,313,210
Additions for the year	39,000	353,508	179,858
Disposals for the year	0	0	-140,251
Cost at 31 December	<u>14,508,992</u>	<u>8,808,850</u>	<u>2,352,817</u>
Impairment losses and depreciation at 1 January	12,017,744	5,504,573	2,020,914
Depreciation for the year	685,691	684,938	168,412
Impairment and depreciation of sold assets for the year	0	0	-140,251
Impairment losses and depreciation at 31 December	<u>12,703,435</u>	<u>6,189,511</u>	<u>2,049,075</u>
Carrying amount at 31 December	<u>1,805,557</u>	<u>2,619,339</u>	<u>303,742</u>
Amortised over	<u>20 years</u>	<u>3-5 years</u>	<u>3-7 years</u>

Notes to the Financial Statements

	<u>Parent company</u>	
	2022	2021
	DKK	DKK
9. Investments in subsidiaries		
Cost at 1 January	307,076	307,076
Cost at 31 December	<u>307,076</u>	<u>307,076</u>
Value adjustments at 1 January	6,476,617	2,957,880
Exchange adjustment	-147,221	26,534
Net profit/loss for the year	881,455	3,492,203
Value adjustments at 31 December	<u>7,210,851</u>	<u>6,476,617</u>
Equity investments with negative net asset value transferred to provisions	<u>4,446,506</u>	<u>4,183,893</u>
Carrying amount at 31 December	<u>11,964,433</u>	<u>10,967,586</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
TeeJet EMEA BV	Belgium	EUR 6k	99%
TeeJet Technologies GmbH	Germany	EUR 25k	100%
TeeJet LH Agro Polska Spolka Z.o.o.	Poland	PLN 50k	100%
TeeJet UK Ltd.	England	GBP 0k	100%
TeeJet Agro LH Orleans	France	EUR 9k	100%
TeeJet South Africa	South Africa	ZAR 0k	100%

All foreign subsidiaries are recognised and measured as separate entities.

Notes to the Financial Statements

10. Other fixed asset investments

Group

	Other investments	Other receivables
	DKK	DKK
Cost at 1 January	10,290	12,149
Additions for the year	0	371
Disposals for the year	-10,290	0
Cost at 31 December	<u>0</u>	<u>12,520</u>
Revaluations at 1 January	15,690	0
Reversal of revaluations on sold assets	-15,690	0
Revaluations at 31 December	<u>0</u>	<u>0</u>
Carrying amount at 31 December	<u>0</u>	<u>12,520</u>

Parent company

	Other investments	Other receivables
	DKK	DKK
Cost at 1 January	10,290	12,149
Additions for the year	0	371
Disposals for the year	-10,290	0
Cost at 31 December	<u>0</u>	<u>12,520</u>
Revaluations at 1 January	15,690	0
Reversal of revaluations on sold assets	-15,690	0
Revaluations at 31 December	<u>0</u>	<u>0</u>
Carrying amount at 31 December	<u>0</u>	<u>12,520</u>

Notes to the Financial Statements

	Group		Parent company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
11. Deferred tax asset				
Deferred tax asset at 1 January	171,485	70,407	0	0
Amounts recognised in the income statement for the year	-8,759	101,078	0	0
Deferred tax asset at 31 December	162,726	171,485	0	0

The recognised tax asset comprises tax loss carry-forwards expected to be utilised within the next three to four years. It is expected that the Group's revenue will increase and affect the gross margin.

12. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

13. Other provisions

The Group provides warranties on certain products and thereby undertakes repairs or replacement of items which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions of DKK 400k (2021: DKK 400k) have been recognised for expected warranty claims.

	Group		Parent company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
Warranty accruals	400,000	400,000	400,000	400,000
	400,000	400,000	400,000	400,000

The provisions are expected to mature as follows:

Provisions falling due after 5 years	0	0	0	0
--------------------------------------	---	---	---	---

Notes to the Financial Statements

	Group	
	2022	2021
	DKK	DKK
14. Cash flow statement - Adjustments		
Financial income	-691,339	-715,078
Financial expenses	3,128,937	1,562,305
Depreciation, amortisation and impairment losses, including losses and gains on sales	1,639,983	1,696,604
Tax on profit/loss for the year	176,812	488,805
Other adjustments	-141,438	-17,298
	<u>4,112,955</u>	<u>3,015,338</u>

	Group	
	2022	2021
	DKK	DKK
15. Cash flow statement - Change in working capital		
Change in inventories	-13,868,131	-47,720,491
Change in receivables	-21,583,658	38,627,333
Change in other provisions	0	-400,000
Change in trade payables, etc	-195,123	-2,892,302
	<u>-35,646,912</u>	<u>-12,385,460</u>

	Group		Parent company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK

16. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	469,203	447,620	12,857	162,522
Between 1 and 5 years	1,185,937	601,372	0	26,807
After 5 years	71,771	211,754	0	0
	<u>1,726,911</u>	<u>1,260,746</u>	<u>12,857</u>	<u>189,329</u>

Notes to the Financial Statements

Other contingent liabilities

The subsidiary in France has a pension liability of DKK 937k which is due after 4 years.

The subsidiary in Germany has a pension liability of DKK 82k which is due after 4 years.

17. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
Spraying Systems Co., Wheaton, Illinois, USA	Parent company

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
Spraying Systems Co.	Glendale Heights, Illinois, United States

Notes to the Financial Statements

18. Accounting policies

The Annual Report of TeeJet Technologies Denmark ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2022 are presented in DKK.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, TeeJet Technologies Denmark ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

Notes to the Financial Statements

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statement

Net sales

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Notes to the Financial Statements

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of property, plant and equipment.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	20 years
Plant and machinery	3-5 years
Other fixtures and fittings, tools and equipment	3-7 years

The fixed assets’ residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Notes to the Financial Statements

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Fixed asset investments

Fixed asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Other fixed asset investments

Other fixed asset investments consist of deposit related to rent for the Parent Company.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company’s experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Notes to the Financial Statements

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Overdraft facilities".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Return on assets	$\text{Profit before financials} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$